

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

**RE: PETITION OF BAY STATE GAS COMPANY
FOR APPROVAL OF REVISED TARIFFS**

DTE 05-27

THIRD SET OF INFORMATION REQUESTS OF LOCAL 273

UWUA 3-1

(a) Please state whether Arthur Oulette is currently employed by Bay State Gas Company in any capacity and, if so, please describe his job title and functions, including whether he is a regular employee or a consultant, and the name of the person to whom Mr. Oulette reports. Include the period of time during which he has held his current position.

(b) If Mr. Oulette was previously employed by the company in any capacity, please include his previous job title(s) and function(s), and the relevant periods of time during which he held such job title(s) and function(s) as well as the name and title of the person to whom he reported.

UWUA 3-2

(a) Please explain the company's supervisory structure for the work of tying in new or replacement gas mines to service lines. Include in your answer the extent to which there are separate supervisors for this work in each of the three geographic divisions, and the extent to which there is overall supervision for the whole state (whether based in Massachusetts, Indiana, or elsewhere), and the numbers of individuals that perform (or have performed) this work for each year 2000 to present.

(b) For the period January 1, 2000 to present, please list the name of each individual who was authorized to write specifications for tie-in work, including, where applicable, the geographic division (Brockton, Springfield, Lawrence) within that individual's authority or scope of work.

UWUA 3-3

Please explain any changes the company expects will be made to the supervisory structure described in response to UWUA 3-2, in connection with the SIR program and the accelerated rate of main replacement that is proposed under the SIR program.

UWUA 3-4

[Bryant, p. 9] Please provide a copy of DPU 92-111 and DTE 98-31.

UWUA 3-5

(Skirtich, pp. 7-8) Please identify each test year expense that Mr. Skirtich adjusted downward, whether for known and measurable changes that have occurred, for changes that will become known and measurable during the course of this proceeding, or for any other reason.

UWUA 3-6

(Skirtich, p. 6) For each tax year 2000 to 2004, please provide a table showing (i) the company's operating income as reported to the federal government on its tax returns; (ii) the company's operating income as reported to Massachusetts on its tax returns; (iii) the company's operating income as reported to stockholders; (iv) the company's operating income as reported to the FERC; (v) the company's operating income as reported to the Department (if different than (iv)); (vi) the actual federal income and state franchise taxes actually paid to, respectively, the United States and the Commonwealth.

To the extent that the company may claim that any of this information is confidential, please provide the requested information along with a proposed confidentiality agreement. Please do not delay the response to this question.

UWUA 3-7

(Skirtich, p. 13-14) Please prepare table listing, in percentage amounts, the assumed or contractual increases for (i) union employees and (ii) non-union employees for the years 2005 and 2006 (or relevant fractions of those years), or references to where these percentages can be found in the company's filing.

UWUA 3-8

(a) When did Mr. Skirtich become aware that NiSource (i) has entered into a contract with IBM for the outsourcing of certain jobs and (ii) plans to reduce staffing levels in connection with the outsourcing plan?

(b) As of the time Mr. Skirtich filed his testimony, did he consider the possible impacts, whether positive or negative, on the proposed test year level of expenses, and, if so, where are any such considerations reflected?

(c) If the answer to (b) is "no," does Mr. Skirtich believe that the outsourcing contract with IBM and the related staff reductions necessitate changes to his revenue requirements analysis and changes to test year O & M expenses? If he believes changes are necessary, please outline the categories of expenses that will be impacted and quantify the changes that need to be made.

UWUA 3-9

(Skirtich, p. 17) Please quantify and support with relevant documentation the “more competitive rates from its [health insurance] carriers” that Bay State has been able to obtain due to its affiliation with NiSource, including a table or schedule of the rates it will actually pay and the rates it would have paid had it remained a free-standing Massachusetts company.

UWUA 3-10

(Skirtich, p. 17) Did Mr. Skirtich adjust health insurance expenses to reflect (i) any employees who will be transferred from the NiSource or Bay State payrolls to IBM and (ii) any employees who will be severed from service in connection with the outsourcing to IBM? If “yes,” please quantify the adjustments made, with reference to the appropriate pages of his schedules.

UWUA 3-11

(Skirtich, p. 18) (a) Please identify by date, amount, and nature of claim or judgment, all amounts that Bay State has paid (or that any NiSource affiliate has paid on Bay State’s behalf) in connection with any settlements, claims or judgments involving Bay State which was covered by the self-insurance referenced by Mr. Skirtich, for the period January 1, 1999 to present.

(b) Please identify by date, amount, and nature of claim or judgment, all amounts that any Bay State insurer has paid (or that any NiSource-affiliate insurer has paid on Bay State’s behalf) in connection with any settlements, claims or judgments involving Bay State which was covered by the insurance program referenced by Mr. Skirtich, for the period January 1, 1999 to present.

UWUA 3-12

(Skirtich, p. 19) Please explain what Mr. Skirtich means by “premiums . . . do not have a significant load for profits,” quantifying the actual profit loadings by NICL.

UWUA 3-13

(Skirtich, p. 21) Does the company contemplate any further sales of utility property for the years 2005 through 2010, inclusive? If yes, please list the amount of each such potential sale and a description of the property that may be sold.

UWUA 3-14

(Skirtich, p. 25) Please provide a table listing that referenced rate cases from 1983, 1989 and 1992, including the docket number and the amount of the rate case expense.

UWUA 3-15

(Skiritich, p. 26) (a) In Mr. Skiritich's opinion (or Bay State's opinion), why would bad debt expense, as a percentage of revenues, be declining over the period 2002 to 2004?

(b) To the extent Mr. Skiritich believes this is simply a result of the denominator ("firm billed revenue") increasing substantially from 2002 to 2004, does Mr. Skiritich (or Bay State) have an explanation of why write-offs declined from \$9.9 M (2003) to \$9.1 M (2004)?

(c) Please provide the "% of write-offs to revenue" for the years 1999, 2000 and 2001, as well as for the first five months of 2005.

UWUA 3-16

(Skiritich/, pp. 29-30) Please (i) provide a list of the allocation factors or percentages used to allocate NCSC costs to Bay State when those services are not specifically requested solely by Bay State, or unquestionably assignable solely to Bay State, as well as the basis (and related workpapers) for such allocations or percentages or (ii) if there is no set or list of allocation percentages that are used, please explain how the "basis for allocating charges" (Skiritich, p. 29, l. 3) is determined.

UWUA 3-17

(Skiritich, pp. 29-31) (a) To the extent not already provided in response to UWUA 2-11, please prepare a list of the ten most highly compensated individuals on the payroll of (or compensated by) NCSC, including and identifying by amount all wages, salaries, bonuses, stock options, deferred compensation, or any other form of compensation, and the percentage of these compensation expenses assigned or allocated to Bay State.

(b) Please identify by location each building, office or facility used by NCSC employees and/or for NCSC operations. Include the purchase price of each such property and year of purchase, or amount of annual lease payments, and the percentage of the ownership or leasing costs allocated to Bay State

(c) Please identify and describe all vehicles owned or leased by NCSC, whether cars, trucks, airplanes, boats, or other vehicles, including the date and purchase price (or annual lease payment) and the percentage of these vehicle costs assigned or allocated to Bay State.

UWUA 3-18

Will the outsourcing contract signed with IBM in any way affect the type or amount of services that Bay State will require from NCSC during the rate year and beyond? If yes, please describe the changes that may occur in Bay State's use of NCSC services.

UWUA 3-19

Please explain (i) why the farm discount declined substantially in the past two years (Sched. JES-6, p. 13) and (ii) any efforts the company is currently engaged in to increase the numbers of customers on the farm discount.

UWUA 3-20

(Skirtich, p. 34) Please provide any documents that Mr. Skirtich relied on or has in his possession regarding the past history (i) of the USPS requesting rate increases (ii) of the USPS being allowed to or actually implementing such increases and (iii) the lag between past requests and actual dates of implementation. Also include a copy of the “request seeking higher rates” to which he refers.

UWUA 3-21

(Skirtich, p. 34) Apart from the Cote and Bryant testimony and supporting exhibits, does Mr. Skirtich have in his possession any documents supporting the statement that “a number of [OTD and EIC] projects can directly benefit Bay State customers.” Please provide a copy of any such documents.

UWUA 3-22

(Skirtich, p. 35) Please explain any financial advantages to the Company or ratepayers of purchasing/selling/leasing back the Itron reading devices.

UWUA 3-23

Please provide any documents in Mr. Skirtich’s possession, other than Mr. Bryant’s testimony and exhibits, that in any way relate to the questions of whether the Metscan meters were used and useful to Bay State customers; whether those devices performed as represented by the vendor/manufacturer; and the nature and scope of any problems with the meters, including battery life, accessing the data captured by the meters, or any other operational factors.

UWUA 3-24

(Skirtich, p. 38) What is the source for the GPIIPD for the mid-point of the rate year? Please provide all primary source documents relied upon.

UWUA 3-25

(Skirtich, p. 41) Please confirm, as shown in JES-8, that the adjustment for amortization of Goodwill is a negative adjustment, meaning that it is being removed from the costs for which recovery is being sought in this case.

UWUA 3-26

(Skirtich, p. 41) To the extent not provided in response to UWUA requests based on Mr. Bryant's testimony, please provide a copy of any all leases, accounting reports, or other documents reviewed by Mr. Skirtich in determining the amortization of the unrecovered Metscan expenses, as well as any related workpapers prepared by Mr. Skirtich.

UWUA 3-27

(Skirtich, p. 42) Please list by description and amount any pending requests for abatement or adjustment of property taxes or any pending litigation regarding the amount of property taxes due on any Bay State property.

UWUA 3-28

(Sched. JES-1) Does Mr. Skirtich agree that it would be accurate to say that Bay State is seeking an increase of approximately 12% in its base rates, comparing the \$22.2 million requested increase to the actual revenues that are at issue in this proceeding (total revenues, less the cost of gas)?

UWUA 3-29

(Sched. JES-4) (a) What is Customer "R&C" Shut-off Turn-off?

(b) Does the company collect any fees or charges for terminating or restoring service to residential customers? If so, list the amount of all such charges.

(c) Does the company collect "late payment" charges from residential customers? If so, list the amount of all such charges.

UWUA 3-30

(Sched. JES-6, p. 3) For 2003 and 2004, explain the basis, targets or criteria for awarding incentive compensation. Also list by name of individual employee/officer and amount of compensation all compensation payments made for each of these two years. Explain what the "billed management fee" is.

UWUA 3-31

(Sched. JES-6, p. 6) To the extent not already provided in response to UWUA 3-11, please separately list each and every "general liability" claim for the period January 1, 1999 to present, including a brief description of the nature of the claim and the amount paid.

UWUA 3-32

(Cote, p. 57) Please provide the annual costs of the Company's Westborough offices for each year 2000 through 2004, including lease payments, O&M costs (maintenance,

repairs, cleaning, etc.), property taxes, utilities, etc.; the number of square feet owned or leased each year (to the extent this has changed over time); and the average number of employees housed at Westborough for each year.

UWUA 3-33

Please provide the hourly rates charged by each (i) lawyer and (ii) other category of worker whose costs are included in Sched. JES-6, p. 8, line 1.

UWUA 3-34

(Sched. JES-6, p. 14) Please provide a breakdown or estimate of the percentage of the company's postage expenses incurred on first-class mail versus other types or classes of postal delivery.

UWUA 3-35

(Sched. JES-6, p. 15) Please explain the nature and scope of the work being done by the "EIC", including an explanation of what "MGP fuels" are. Also explain what the "OTD" program's goals or priorities are.

UWUA 3-36

(Sched. JES-10) For the years 2000 through 2004, please list by year and amount any unclaimed or forfeited deposits --- deposits that are unclaimed by the customer after the account has been closed.

UWUA 3-37

(Sched. JES-17) Please confirm that Sched. JES-17 is truly a "SAMPLE" in the sense that it simply illustrates what future SIR filings may look like, and that Sched. JES-17 does not directly impact the company's actual request for increased rates in this case.

UWUA 3-38

(Exh. SAB-1, p. 14) (a) Is Mr. Barkauskas' general testimony ---- that the rates of compensation for non-union employees are reasonable and comparable to a "market basket of base pay for employees in similar positions at other employers? --- intended to include (i) the top executives or officers at Bay State, such as Mr. Bryant, Mr. Cote, etc. and (ii) the top executives and officers at NiSource and NiSource affiliates, to the extent any portion of their compensation is allocated to Bay State.

(b) If "yes," please identify the relevant exhibits that support this.

(c) If "no," please explain how Bay State and NiSource determine that the compensation of the most highly compensated executives are fair, reasonable and comparable.

UWUA 3-39

(Exh. SAB-1, pp. 45-50) (a) Under the company's defined benefits pension plans, please describe the risks to employees in the event that the company (Bay State or NiSource) were to declare bankruptcy or experience serious financial distress that would interfere with its ability to make payments to the pension plans.

(b) Under the company's cash balance pension plans, please describe the latitude or right that the company has to reduce the dollar amount, percentage of employee's salary or other amount that the company contributes to an employee's pension plan, from year-to-year or other periodic basis.

UWUA 3-40

(Exh. SAB-1, p. 48, Table SAB-1) (a) Are the amounts listed in the column "Pension & PBOP Expense" (i) actual payments made to the pension plan(s) and actual PBOP payments made to or on behalf of retirees or (ii) accounting entries that do not directly correspond to actual payments made? Please fully explain what this column represents relative to actual payments made and/or accounting entries.

(b) Please explain fully what is meant by "Qualified pension expense".

UWUA 3-41

(Cote testimony) Please provide Mr. Cote's total compensation for the years 2000 through 2004, along with any studies, surveys or analyses to determine whether such compensation was fair, reasonable and comparable for utility managers performing comparable work in New England.

UWUA 3-42

Please fully explain Mr. Cote's authority and role in decisions to change staffing levels within any unit, division or department of Bay State. To the extent that his authority varies by unit, division or department, please explain how it varies.

UWUA 3-43

(Cote, p. 7) To the extent possible, please quantify the "cost savings" resulting from the use of the Metscan system by comparing the total annual costs of meter reading (labor and equipment) for the 3 years prior to installation of the Metscan devices to the total costs of meter reading for the first three years after the devices were installed.

UWUA 3-44

(Cote) Please identify the first gas utility in New England that installed Metscan devices, by name of company and year of installation, to the best of Mr. Cote's knowledge.

UWUA 3-45

(Cote, p. 9) (a) Please provide a list of the number of leaks reported to or identified by the company, sorted by year and by type (1, 2 or 3), for each year 1999 to present.

(b) Also provide a list of the number of leaks repaired for each year 1999 to present, sorted by types 1, 2 and 3.

UWUA 3-46

(Cote, SIR) Local 273 understands that for each year 1999 to 2002 the company completed the installation of mains; replacement of mains; installation of new services; and replacements of new services listed below, for the Brockton division. Please either confirm these figures, or provide alternative figures. If the latter, please also include all underlying documentation and workpapers for providing alternative figures.

Service	1999	2000	2001	2002
New mains (ft)	179,847	102,058	180,963	132,312
Replacement mains	105,223	100,736	120,049	56,973
New res. svcs.	2,832	2,798	2,113	1,551
New C&I svcs.	493	245	409	333
Replc. res. svcs.	1,723	2,394	2,009	1,593
Replc. C&I svcs	78	42	69	59

UWUA 3-47

(Cote, SIR) (a) For the period 1999 to 2004, please describe the company's general policies or guidelines for (i) deciding that patches would be applied to mains that experienced leaks versus (ii) deciding that the segment of main experiencing leaks would be removed and replaced. Include the extent to which the patch versus remove/replace decision varied by (a) the type of pipe (cast iron, coated steel, bare steel, etc.) (b) geographic division of the company (c) number of other, prior leaks in the vicinity (d) available funding under the budget for capital expenditures or O&M or (e) other considerations. Include any written directives, guidance, etc. provided to the persons who would make the decision to patch versus remove/replace.

(b) Please describe the level of employees (e.g., field supervisor, manager, etc.) involved in decisions to patch versus remove/replace pipe segments experiencing leaks, and the relative roles these employees (e.g., managers, field supervisors) played in making those decisions.

UWUA 3-48

(Cote, pp. 19-20) Please provide any documents in the nature of work plans, schedules, budgets and related documents regarding the expected efforts to replace old mains in the Brockton division, including projections of Bay State in-house staffing (by job category) required to bid, oversee and implement the work, including all service tie-ins.

UWUA 3-49

(Cote, pp. 19-22) Unless already provided in response to UWUA 1-13, please provide a table listing the capital expenditures within the Brockton division for replacement of mains for each year 1999 to 2004.

UWUA 3-50

(Cote, p. 25) What considerations affect the decision to replace old pipe with cathodically protected steel versus plastic?

UWUA 3-51

(Cote, pp. 26-27) Please explain the respective roles of the company's own employees versus the outside contractors in the SIP program in replacing or modifying the 29,520 unprotected steel services and in making all of the necessary tie-ins and relocations of meters and regulators after mains are replaced.

UWUA 3-52

(Cote, p. 34) Please provide a copy of whatever written documents comprised Bay State's capital authorization policy prior to the adoption in 2005 of the current capital authorization policy.

UWUA 3-53

(a) Please provide any and all written documents for the period January 1, 1999 to present regarding the charges that apply to (i) new business residential services and (ii) new business C&I services, as well as all such changes to these charges. Please include any and all analyses or memos regarding the "rate of return policy" that will apply when developing charges for new business services. Also include documents extant during the period 1999 to present that list or define (a) the length of service that will be provided at no charge, and, if applicable, the extent to which the length of free service line varied by division (Brockton/Springfield/Lawrence) or by type (e.g., by percentage of the service length that is within pavement/concrete/cobblestone, below a certain depth, etc.) and (b) the amount of the charge for obtaining new service if the length exceeded the free amount.

(b) Please provide a copy of any and all complaints regarding any customer, contractor, developer, etc. having to pay charges for installing a new service line.

UWUA 3-54

(Cote, p. 37, l. 6-7) Please describe the extent to which non-Bay State employees (e.g., employees of NiSource, NCSC, or any NiSource affiliate) must sign-off on any types of capital expenditure projects, including a description of the types of projects that may require NiSource/affiliate approval and the job titles of the NiSource/affiliate personnel involved in the approval process.

Respectfully Submitted,

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